



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**

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Order Instituting Rulemaking  
Regarding Policies, Procedures and  
Rules for the California Solar Initiative,  
the Self-Generation Incentive Program  
and Other Distributed Generation  
Issues.

R.06-03-004  
(Filed March 2, 2006)

## **PROPOSAL FOR MEASUREMENT AND SUBSIDY QUESTIONS BY OF THE DIVISION OF RATEPAYER ADVOCATES**

In accordance with Administrative Law Judge Ebke's July 12, 2006 Ruling, entitled *Administrative Law Judge's Ruling Requesting Proposals on Methods to Determine the Renewable Energy Credits from Distributed Generation*, the Division of Ratepayer Advocates hereby provides its proposal on the issues set forth therein.

### **I. SUBSIDY ISSUES:**

**Question 1: What method should the Commission use to determine the portion of a REC from renewable DG facility that was supported by a ratepayer subsidy?**

DRA recommends that the Commission designate the Investor-Owned Utility (IOU) in which service-territory the Distributed Generation (DG) unit is located as:

- a. the accounting agent of all electrical energy produced from the unit for purposes of meeting the California RPS requirements; and,
- b. the holder of the associated Renewable Energy Credits (RECs), equal to the electrical energy output from these same projects, in an account with the California Climate Action Registry (CCAR).

DRA also recommends that the future dispensation of any financial gains from the RECs flowing from any CCAR-sanctioned auction or trading activity of the RECs be determined by the Commission at the point in time the IOU records this gain and requests direction from the Commission on what to do with than gain.

**Question 2: Should net metering benefits be considered in the calculation of ratepayer subsidies, and if so, how?**

DRA does not have a position on this matter at this time. In general, however, the Program Administrators of the SGIP (including the CSI) should not be allowed to reduce the amount of financial assistance provided to an applicant to the SGIP/CSI based upon some hypothesized “definition” of what the full range of “net metering benefits” might mean. This same recommendation (no reduction in the amount of financial assistance) applies to any estimate of the current or future value of RECs.

**II. MEASUREMENT ISSUES:**

**Question 1: How can the Commission measure DG output for purposes of RPS?**

See DRA’s response to Subsidy, Question 1.a., providing that the IOU in which service-territory the Distributed Generation (DG) unit is located as the accounting agent of all electrical energy produced from the unit for purposes of meeting the California RPS requirements.

**Question 2: Can meters be installed and if so, what type, and for what size system?**

DRA does not have a position on this matter at this time.

**Question 3: If meters are reasonable for certain smaller systems, what method can be used to measure DG output for these systems?**

DRA does not have a position on this matter at this time.

**Question 4: How can the Commission ensure that electrical generation consumed on the customer side of the meter is added to the utility total retail sales?**

DRA does not have a position on this matter at this time.

Respectfully submitted,

/s/ REGINA M. DEANGELIS

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August 4, 2006

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I HEREBY CERTIFY THAT I HAVE THIS DAY SERVED A COPY OF  
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/s/ NANCY SALYER  
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